## WRITTEN ANSWERS TO STARRED QUESTIONS

**Anomaly in the Levy of Duty on Pesticides**

*285. SARDAR BALWINDER SINGH BHUNDAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that an anomaly exists in the classification of grades of insecticides, pesticides and herbicides attracting levy of duty at the rate of 18 per cent while all other pesticides are levied duty at the rate of 8 per cent only;

(b) if so, the details thereof;

(c) whether there is a proposal under consideration to remove the anomaly;

(d) if so, by when; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) It is the Department's view that technical grade pesticides are classifiable as organic/inorganic chemicals under Chapter 28/29 of the Central Excise Tariff and are chargeable to excise duty at the rate of 16 per cent ad valorem with effect from 28th February, 1999. Pesticides formulations are classifiable under sub heading No. 3808.10 of the Central Excise Tariff and attract a duty of 8 per cent. The manufacturers of pesticides have, however, claimed classification of both these products under sub heading No. 3808.10 as pesticides. The question of anomaly in classification does not arise as the classification for the purposes of excise is determined by the statutory principles of classification.

(c) to (e) Does not arise in view of (a) and (b) above.

**Expert Group on Service Tax**

*287. MISS SAROJ KHAPARDE:
DR. B.B. DUTTA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have set up an Expert Group on Service Tax;

(b) if so, the objective behind the constitution of the Group;

(c) whether the Group has submitted its report;

(d) if so, the recommendations of the Group; and

(e) in what manner Government propose to implement these recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) Yes, Sir.

(b) (i) to study the future of the mode of taxation;

(ii) identify new sectors to be brought under service tax;

(iii) simplify the mode of collection.

(c) Yes, Sir.

(d) (1) expansion of service tax base and treating services at par with goods;

(2) movement towards GST (Goods and Service Tax) in a VAT format;

(3) continuation of scheme of selective levy;

(4) reduction of cascading effect by allowing set off/credit of service tax paid;

(5) complete exemption upto taxable value of Rs. 5 lakhs;

(6) continuation of service tax levy at the rate of 5% but with option to pay a lumpsum as tax upto the value of Rs. 10 lakhs;

(7) some new services to be brought into the Service Tax net;

(8) simplification measures for effective tax administration;

(9) introduction of a combined Central Excise & Service Tax Act;

(10) use of information technology in service tax matters;

(11) simple financial penalties for delay and deterrent penalties for evasion. No prosecution for next 2-3 years;

(12) Deployment of adequate staff and training for them.

(e) In so far as the recommendations of the Expert Group, as regards including more services in the tax net are concerned, the same were examined as part of this year's budget exercise and it was decided for the present not to extend service tax to more services. The other recommendations of the Group are under consideration of the Government and action to implement them will be taken when the decision thereon is arrived at.

**Appointment of Consultants by AAI for privatisation of airports**

*288. SHRI SURESH KALMADI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Airports Authority of India has received 57 bids for the appointment of financial and legal consultants to privatise the three international airports of Delhi, Mumbai and Calcutta;

(b) if so, the names of the bidders; and

(c) when the final decision is likely to be taken in the matter?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR): (a) to (c) Airports Authority of India (AAI) had invited Expressions of Interest (EOI) from financial/legal consultants for submission of an action plan on the following issues as also to provide commercial and financial assistance/advice in the effective implementation of the same in the existing environment:—

(a) the mode, modalities and extent of private sector participation in the existing AAI Airports;

(b) the feasibility and desirability of corporatisation of AAI and the existing AAI Airports (on individual or group basis); and

(c) commercial exploitation of land and assets of AAI so as to increase non-aeronautical revenues.

As on first February, 1999, (the last date for submission of EOIs) 20 financial consultants and 33 legal consultants have responded to the Invitation for Expressions of Interest. The list of these consultants is at statement-I and II respectively (*See* below). The selections are likely to be finalised by end April, 1999.

**Statement-I**

*List of EOI's Received—Financial Consultants*

1. Jardine Fleming India Securities Ltd., Mumbai, ICICI Group India Mumbai. The Portland Group, UK, Halcrow Group Ltd., UK and Colliers Jardine (India) Property Services Ltd., Mumbai.
2. V. Malik & Associates, New Delhi, IFCI Financial Services Ltd., New Delhi and Cosmos Consulting, New Delhi.
3. Tata Economic Consultancy Services, Mumbai, Macquarie Corporation Ltd., Australia and Speed Wing Consulting (Consulting Wing of British Airway PLC.), U.K.
4. A.F. Ferguson & Co., New Delhi, Strategies for Airports Inc. (SFA)/ Thompson Consultants International (TCA), USA and Lazard Credit Capital Ltd., New Delhi.
5. The Sumitomo Bank Ltd., London, Frischmann Prabhu (India) Pvt. Ltd., Mumbai and Deloitte & Touche Tohmatsu India Pvt. Ltd., New Delhi.
6. Bharat D. Momaya, Thane
7. K & S Consultanting Group, Hyderabad and Strategies for Airports Inc. (SFA)/Thompson Consultants International (TCA), USA.
8. Chopra, Purna Consultants & Associates, Mumbai